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Macroeconomic policy questions: commodities

Draft resolution submitted by the Vice-Chairman of the Committee, Mr. Abdellah Benmellouk (Morocco), on the basis of informal consultations held on draft resolution A/C.2/57/L.5

Commodities

The General Assembly,

Recalling its resolution 55/183 of 20 December 2000 and stressing the urgent need to ensure its full implementation,

Recalling the United Nations Millennium Declaration, adopted by the Heads of State and Government on 8 September 2000,[1]

Taking note of the relevant provisions of the Johannesburg Plan of Implementation,[2] adopted at the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002,

Taking note also of the Programme of Action for the Least Developed Countries for the Decade 2001-2010[3] and *The Least Developed Countries Report, 2002*,[4]

Taking note further of the Monterrey Consensus of the International Conference on Financing for Development,[5]

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[1] See resolution 55/2.

[2] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August to 4 September 2002* (United Nations publication, Sales No. E.03.II.A.1), chap. I, resolution 1, annex.

[3] A/CONF.191/11.

[4] United Nations Publication, Sales No. E.02.11.D.13.

[5] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

02-72853 (E) 091202

Taking note also of the targets set out in the 1996 Rome Declaration and Plan of Action[6] and the outcome of the World Food Summit: five years later, which reaffirms the pledge to end hunger,

Taking note of the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization,[7] held in Qatar from 9 to 14 November 2001,

Taking note with concern of the report of the Secretary-General of the United Nations Conference on Trade and Development on world commodity trends and prospects,[8] which examines the declining trend of most commodity prices,[9]

Reiterating the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, especially in commodity-dependent countries, and bearing in mind operative paragraph 6 of General Assembly resolution 55/183,

Recognizing that commodity-dependent developing countries, in particular African countries and the least developed countries, as well as small island developing States and landlocked developing countries, are highly dependent on primary commodities as their principal source of export revenues, employment, income generation and domestic savings, and as the driving force of investment, economic growth and social development,

Recognizing also that structural changes in international commodity markets, particularly the increasing concentration in trade and distribution, constitute new challenges for commodity producers and exporters in developing countries,

Recognizing that agriculture plays a crucial role in addressing the needs of a growing global population and is inextricably linked to poverty eradication, especially in developing countries, and further recognizing that enhancing the role of women at all levels and in all aspects of rural development, agriculture, nutrition and food security is imperative, and furthermore that sustainable agriculture and rural development are essential for the implementation of an integrated approach to increasing food production and enhancing food security and food safety in an environmentally sustainable way,

Expressing deep concern about the negative effects of unfavourable weather conditions on the supply of most commodity-dependent developing countries, the continuing depressed levels of most commodity prices and the dramatic falls in recent years in prices of commodities of particular interest to developing countries, which adversely affect the economic growth of commodity-dependent developing countries, especially countries in Africa and the least developed countries, as well as small island developing States and landlocked developing countries,

Expressing concern about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes, which are essential for sustainable development and for attaining access to markets for their commodities,

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[6] See *Report of the World Food Summit, 13-17 November 1996, Part One* (Rome, Food and Agriculture Organization of the United Nations, 1996), appendix.

[7] See A/C.2/56/7, annex.

[8] A/57/381, annex.

[9] Ibid., sect. I.B.

Emphasizing the need for a domestic industrial transformation of commodity production in the developing countries, in particular African countries and the least developed countries, with a view to enhancing productivity and stabilizing and increasing their export earnings, thus promoting the sustainable economic growth of developing countries and their integration into the global economy,

Recognizing that commodity prices are an important element for heavily indebted poor countries that are commodity-dependent in maintaining long-term debt sustainability,

1. *Emphasizes* the need for efforts by the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

2. *Expresses* the urgent need for supportive international policies and measures to improve the functioning of commodity markets through efficient and transparent price-formation mechanisms, including commodity exchanges, and through the use of viable and effective commodity price risk management instruments;

3. *Expresses concern* at the declining terms of trade for most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in achieving diversification, and in this regard strongly emphasizes the need for actions at both the national and international levels, inter alia, to improve market access conditions, address supply-side constraints and provide support for capacity-building, inter alia, in areas that actively involve women;

4. *Urges* Governments and invites international financial institutions to continue to assess the effectiveness of the systems for compensatory financing of export-earnings shortfalls, and in this regard stresses the importance of empowering developing commodity producers to insure themselves against risk, including natural disasters;

5. *Also urges* the developed countries to continue to support the commodity diversification and liberalization efforts of commodity-dependent developing countries, especially countries in Africa and the least developed countries, as well as small island developing States and landlocked developing countries, in a spirit conducive to promoting a common purpose and efficiency, inter alia, by providing technical and financial assistance for their commodity diversification programmes;

6. *Urges* producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

7. *Reiterates* the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, in particular in commodity-dependent developing countries, especially those in Africa and the least developed countries, as well as small island developing States and landlocked developing countries and, in this respect, stresses that:

(a) International support for the efforts of developing countries in the industrial transformation of their commodities is required to increase their export

revenues and improve their competitiveness, with a view to facilitating their integration into the global economy;

(b) In the area of agriculture, it is important to fulfil, without prejudging the outcome of the negotiations, the commitment for comprehensive negotiations initiated under article 20 of the Agreement on Agriculture, as referred to in the Doha Ministerial Declaration,[10] aiming at substantial improvements in market access; reductions of, with a view to phasing out all forms of, export subsidies; substantial reductions in trade-distorting domestic support; pursuing negotiations on market access for non-agricultural products aimed at reducing or, as appropriate, eliminating tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries; and implementing other relevant areas of the World Trade Organization work programme;

(c) In line with the Johannesburg Plan of Implementation,[2] adopted at the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002, mutual supportiveness between the multilateral trading system and the multilateral environmental agreements, consistent with sustainable development goals, should be promoted in support of the work programme agreed through the World Trade Organization, while recognizing the importance of maintaining the integrity of both sets of instruments;

(d) In the light of the process of multilateral trade liberalization, which has led to the diminution of differentials accorded by preferred trade regimes, there is a need to take measures, as appropriate and consistent with international obligations, to address that diminution, in particular by strengthening technical assistance, by continuing to provide financial assistance to commodity-dependent developing countries and by addressing supply-side constraints faced by these countries, in order to improve the competitiveness of their commodity sectors and to overcome difficulties encountered in their diversification programmes;

(e) Timely and effective financial cooperation should be maintained and further pursued to facilitate the management by commodity-dependent developing countries, especially those in Africa and the least developed countries, as well as small island developing States and landlocked developing countries, of excessive fluctuations in commodity export earnings, and in this regard stresses that it is important to pursue diversification as part of a long-term solution;

(f) Strengthening technical cooperation in the areas of transfer of new technologies and know-how in production processes and training for technical, managerial and commercial staff in developing countries is of paramount importance for quality improvements in the commodity sector;

(g) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;

(h) There is a need to promote, expand and intensify research and development, to provide infrastructure enterprise development, technology and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

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[10] A/C.2/56/7, annex.

8. *Underlines* the need to strengthen the Common Fund for Commodities and encourages it, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to continue to strengthen the activities covered by its Second Account in developing countries with its supply chain concept of improving access to markets and reliability of supply, enhancing diversification and value addition, improving competitiveness of commodities, strengthening the market chain, improving market structures, broadening the export base and ensuring the effective participation of all stakeholders;

9. *Invites* the United Nations Conference on Trade and Development, within its mandate, to provide assistance to developing countries in promoting commodity diversification and to include issues related to commodities in the provision of analytical support and technical assistance to developing countries in respect of their effective participation in multilateral trade negotiations;

10. *Encourages* efforts to promote cooperation between relevant international organizations on commodity issues;

11. *Calls upon* the Secretary-General of the United Nations Conference on Trade and Development, within existing budgetary resources, supplemented by voluntary contributions as appropriate, to designate independent eminent persons to examine and report on commodity issues, including the volatility in commodity prices and declining terms of trade and the impact these have on the development efforts of commodity-dependent developing countries, for consideration by the executive session of the Trade and Development Board and subsequently by the General Assembly at its fifty-eighth session;

12. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to report to the General Assembly at its fifty-ninth session on world commodity trends and prospects, taking into account, inter alia, the report and subsequent considerations requested in paragraph 11 above;

13. *Decides* to include in the provisional agenda of its fifty-ninth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "Commodities".